

FURTHER REGIONAL EXPANSION

Opening ceremony in Kulyab

On 27 September the city of Kulyab hosted a big event in the history of the TMSEF in Tajikistan. In the presence of a long list of guests of honour the new TMSEF lending unit of Agroinvestbank in the town was inaugurated. The list included the Deputy Mayor of the Khatlon region, the mayor of the town of Kulyab, the chairman and deputy chairman of Agroinvestbank, representatives of other banks, representa-

tives of donor organisations, such as USAID, and the Head of the EBRD representative office in Tajikistan. Speakers of the ceremony wished the bank and the future clients success in business. Hopes were expressed that stronger operations of TMSEF in Kulyab will help the population of the town and the neighbouring regions to develop their economic activities.

With this opening ceremony the number of TMSEF lending

units in the Khatlon region was brought to four.

Start of lending operations in Gissar

Beginning with September Agroinvestbank has opened a lending unit in its Gissar branch. Gissar is a lively trading town just halfway between Regar and Dushanbe. It is well known in the entire Republic of Tajikistan for its thriving construction materials trade.

As in the case of the Kulyab lending unit Agroinvestbank had prepared the loan officers in its Head Quarters. This allows, as in Kulyab, that the loan officers could at once start marketing the program loans, go on analyses with clients and process first loans. Already in September 9 loans have been disbursed.

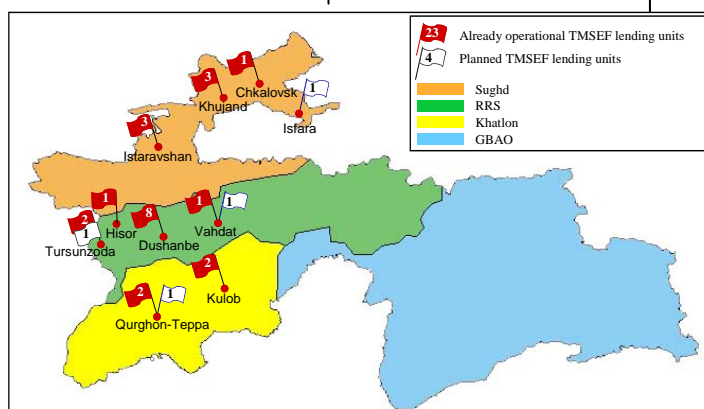
Strengthening of operations on Dushanbe's

Korvon bazaar

Bank Eskhata made its outlet on Korvon bazaar operational in September. Clients can now be served directly on the bazaar. Three loan officers are constantly based there, a cash office is working allowing clients to repay their loans in the outlet.

Visit of EBRD's board of directors

On September 28-29 the EBRD board of directors visited Tajikistan. Among others they visited the TMSEF lending unit of Tajiksodirotbank on Korvon bazaar. The visitors were well impressed by the lending operations geared towards the Tajik microentrepreneurs. A lot of questions were asked and answered by loan officers, representatives of Tajiksodirotbank and consultants. The board confirmed that the TMSEF is one of the key projects of EBRD in Tajikistan and they expressed their full support for a continuation of the project.



MAJOR SEPTEMBER PORTFOLIO STATISTICS

Outstanding Portfolio in USD:	\$ 7,108,229
Number of Loans below \$1,000:	39%
Number of Loans below \$5,000:	85%
Loans to Clients New to the Banking Sector:	85%
# Loans to Female Entrepreneurs:	44%
Share of Dushanbe Portfolio:	46%
Share of Sogd Portfolio:	35%
Share of Khatlon Portfolio:	7%
Share of RRS Portfolio:	12%
MSE Lending Units:	23
Planned for Next Month:	23
MSE Program Loan Officers:	140
Planned for Next Month:	145
Portfolio at Risk > 30 days	0.17%

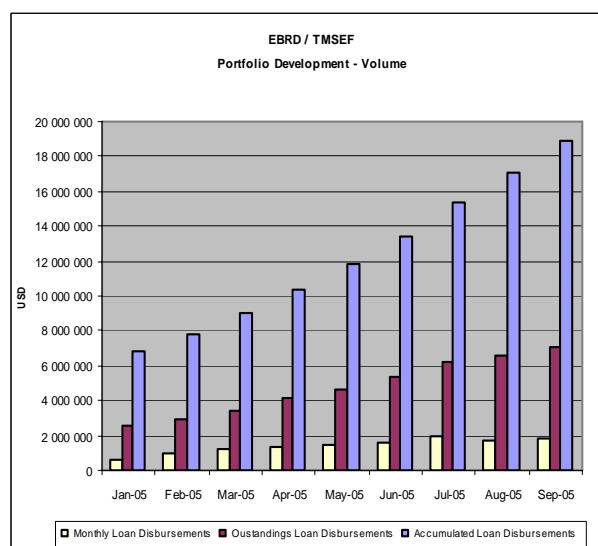
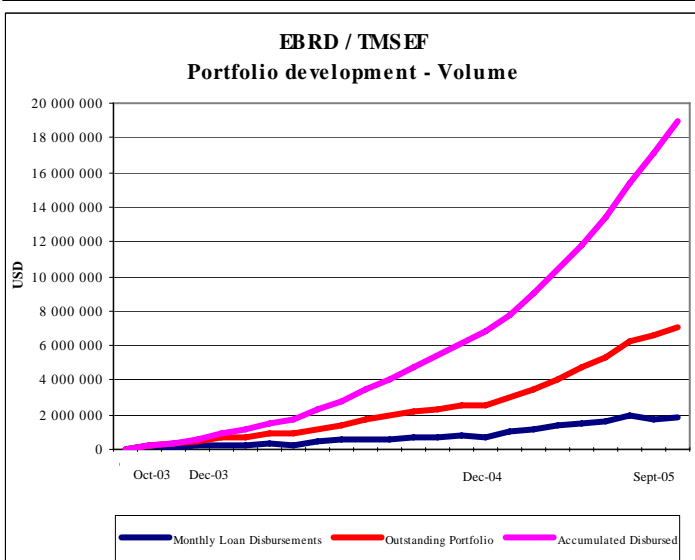
Loans Disbursed in August 2005	Loans Disbursed in September 2005	Cumulated Disbursements since October 2003
663 loans	612 loans	7,068 loans
\$1,692,471	\$1,832,483	\$18,939,801
\$2,552 average	\$2,994 average	\$2,679 average

The **TAJIKISTAN MICRO AND SMALL ENTERPRISE FINANCE FACILITY (TMSEF)** is the fourth project of this kind in Central Asia and like the KSBP (Kazakhstan), KMSEF (Kyrgyzstan) and J-USBP (Uzbekistan) it focuses on institution building in selected partner banks and the delivery of sustainable and efficient financing to Micro and Small Enterprises (MSEs).

The Facility started lending operations to MSEs in October 2003. Partner banks fund the initial growth of the loan portfolio out of own resources, while EBRD and its partner organizations in the Facility provide funding for technical assistance. EBRD signed a first loan agreement (USD 1 million) with Bank Eskhata, a second loan agreement (USD 2 million) with Tojiksodirotbank, a third one (USD 2 million) with TajPrombank and a fourth one with Agroinvestbank (USD 2 million). IFC provides co-financing to Bank Eskhata (USD 1 million).

The technical assistance supports Bank Eskhata, Tajiksodirotbank, TajPrombank and Agroinvestbank in establishing MSE lending departments, developing loan products tailored to entrepreneurs' requirements, and in training bank personnel in a cash-flow driven credit technology.

DFID together with USAID and EU have provided and committed the necessary technical assistance funds for EBRD to engage in long-term institution building in the banking sector. Additionally, the Swiss Government through SECO has granted a risk sharing guarantee for EBRD loans to the partner banks. TMSEF will also benefit from TA funds from the EBRD's Early Transition Fund (ETC Fund) from September 2005.



PLANS FOR OCTOBER 2005

- Institutional strengthening of the existing branches and banks
- Training of loan officers for future lending operations of Agroinvestbank in Kurgan Tyube
- Selection of loan officer candidates for future lending operations of Bank Eskhata in Isfara

TMSEF CLIENTS

Bakhtiyor Nabiev is working as a driver for three years now. At the time being he is transporting people from Gissar to other regions like Regar or Dushanbe. Cars were Bakhtiyor's favorite thing already when he went to school. From money earned during work in the school holidays he bought a bike. "It was as well a means of transportation, but still a car is something different" he says now. With his twentieth birthday he got a "Moskvich" as a present. The

first car! But with family life approaching he had to sell the car. Money was needed to pay for the trip to Moscow, where he wanted to earn money for the family at home. The car was sold for USD 700. That money was just enough for the train ticket and for the living of his family in Tajikistan. One year after hard work outside his home country he came back home, with USD 3.000 he had accumulated. What should it be spent for? For a car? "Still after the matchbox-cars?" asked his father, "it is time for

you to get grown up, time to feed your family". But it became clear to Bakhtiyor, that work can be fun, when you do what you really like. For USD 2.800 he got the necessary car. Work and a nice job, what can you want more! A considerable raise in fuel prices was the reason he thought about changing to gas fuel cells. "An offer of loans ... 2.5% - it will never work, but let's try anyway, so I turned to the bank" - says Bakhtiyor. The



loan was disbursed on 3 October 2005, the amount was USD 600. "I am grateful to the microloandepartment, I did not even really think, that it is so easy to work with banks."